



**NEGAUNEE TOWNSHIP**

**MARQUETTE COUNTY, MICHIGAN**

52-1100

**FINANCIAL STATEMENTS**

**AND**

**ADDITIONAL INFORMATION**

**FOR THE YEAR ENDED MARCH 31, 2004**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Negaunee Township</u>		County <u>Marquette</u>
Audit Date <u>March 2004</u>	Opinion Date <u>May 21, 2004</u>	Date Accountant Report Submitted to State: <u>August, 2004</u>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <u>Cowell &amp; LaPointe, PC</u>			
Street Address <u>101 S. Front St., Ste. 309</u>	City <u>Marquette</u>	State <u>MI</u>	ZIP <u>49855</u>
Accountant Signature <u>Gloria J. LaPointe</u>			

**RECEIVED**  
DEPT. OF TREASURY

SEP 16 2004

LOCAL AUDIT & FINANCE DIV.

## **REPORT CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL STATEMENTS</b>	
Independent auditor's report	1
Report on compliance and on internal control	3
Combined balance sheet – all fund types and account groups	5
Combined statement of revenues, expenditures and changes in fund balances – all governmental fund types and similar trust funds	9
Combined statement of revenues, expenditures and changes in fund balances - budget and actual – General, Special Revenue and Debt Service Funds	10
Combined statement of revenues, expenditures and changes in retained earnings /fund balances – all proprietary fund types and similar trust funds	12
Combining statement of cash flows - proprietary fund types and similar trust funds	13
General Fund	
Supplemental schedule of revenues compared to budget	15
Supplemental schedule of expenditures compared to budget	16
Special Revenue Funds	
Combining balance sheet	17
Combining statement of revenues, expenditures and changes in fund balances	19
Road Fund	
Statement of revenues, expenditures and changes in fund balances - budget and actual	21
Fire Fund	
Statement of revenues, expenditures and changes in fund balances - budget and actual	22
Liquor Law Enforcement Fund	
Statement of revenues, expenditures and changes in fund balances - budget and actual	23
Community Building Fund	
Statement of revenues, expenditures and changes in fund balances - budget and actual	24
Brownfield Fund	
Statement of revenues, expenditures and changes in fund balances - budget and actual	25

## **REPORT CONTENTS** - Continued

	<b><u>Page</u></b>
<b>FINANCIAL STATEMENTS</b>	
All proprietary fund types Combining balance sheet	26
Proprietary fund types - Enterprise funds Combining statement of revenues, expenditures and changes in retained earnings	27
Water Fund Statement of revenues, expenditures and changes in retained earnings - budget and actual	28
Solid Waste Disposal Fund Statement of revenues, expenditures and changes in retained earnings - budget and actual	29
Notes to financial statements	30
<b>ADDITIONAL INFORMATION</b>	
Combining statement of changes in assets and liabilities - all agency funds	49

Board of Trustees  
Negaunee Township  
Marquette County, Michigan

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of Negaunee Township, and the combining, individual fund, and account group financial statements of the Township as of and for the year ended March 31, 2004 as listed in the table of contents. These financial statements are the responsibility of the Township's Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Negaunee Township, as of March 31, 2004 and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of Negaunee Township as of March 31, 2004, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2004, on our consideration of Negaunee Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

## INDEPENDENT AUDITOR'S REPORT – Continued

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Negaunee Township. Such information has been subjected to the auditing procedures applied in the audit of the combining, individual fund, and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

  
Certified Public Accountants  
Marquette, Michigan

May 21, 2004

Board of Trustees  
Negaunee Township  
Marquette County, Michigan

We have audited the financial statements of Negaunee Township as of and for the year ended March 31, 2004, and have issued our report thereon dated May 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### COMPLIANCE

As part of obtaining reasonable assurance about whether Negaunee Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Negaunee Township in a separate letter dated May 21, 2004.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Negaunee Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Negaunee Township in a separate letter dated May 21, 2004.

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL - Continued

This report is intended for the information of management, others within the organization, Board of Trustees and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cawell + LaPointe, PC*  
Certified Public Accountants  
Marquette, Michigan

May 21, 2004



# NEGAUNEE TOWNSHIP

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS MARCH 31, 2004

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS</b>				
Cash on hand and in bank	\$77,723	\$450,365	\$56,759	\$
Certificates of deposit		99,720		
Receivables (Net of allowance for uncollectibles and discount)				
Taxes	7,318	28,503		
Interest	100	530		
Accounts		140		
Connection fees				
Interfund receivables	113,366			22,634
Due from other governmental units	6,444		3,864	
Due from others	444			
Investments				
Land and improvements				
Buildings				
Equipment (including office)				
Equity investment				
Sewer system				
Accumulated depreciation				
Amount to be provided for retirement of general long-term debt				
<b>TOTAL ASSETS</b>	<u>\$205,395</u>	<u>\$579,258</u>	<u>\$60,623</u>	<u>\$22,634</u>

See accompanying notes to financial statements

<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Types</u>				<u>Account Groups</u>		<u>Total All Funds- Memo Only</u>
	<u>Employees 457 Def. Comp</u>	<u>Trust and Agency</u>	<u>Pension Trust</u>	<u>Tax Collection</u>	<u>General Long- term Debt</u>	<u>General Fixed Assets</u>	
\$ 278,783 45,632	\$	\$	\$	\$50	\$	\$	\$ 863,680 145,352
70							35,821 700
154,243							154,383
2,090							2,090
29,874							165,874
1,872							12,180 444
	24,728		78,662				103,390
34,500						82,905	117,405
89,198						981,663	1,070,861
115,903						1,092,669	1,208,572
						51,033	51,033
3,471,846						25,000	3,496,846
<1,118,980>							<1,118,980>
					1,095,426		1,095,426
<u>\$3,105,031</u>	<u>\$24,728</u>	<u>\$</u>	<u>\$78,662</u>	<u>\$50</u>	<u>\$1,095,426</u>	<u>\$2,233,270</u>	<u>\$7,405,077</u>

# NEGAUNEE TOWNSHIP

## COMBINED BALANCE SHEET

- ALL FUND TYPES AND ACCOUNT GROUPS - Continued  
MARCH 31, 2004

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 7,149	\$ 4,099	\$	\$
Interest payable				
Security deposits payable		2,306		
Interfund payables	49,173	533	3,319	
Due to other governmental units	5,617			
Deferred revenue	839	1,825		
Notes payable				
Accrued sick leave and vacation				
Bonds payable				
<b>TOTAL LIABILITIES</b>	<b>62,778</b>	<b>8,763</b>	<b>3,319</b>	
<b>FUND EQUITY</b>				
Contributed capital				
Investment in general fixed assets				
Retained earnings:				
Unreserved –				
- undesignated				
Reserved				
Fund balances:				
Reserved				
Unreserved – undesignated	142,617	570,495	57,304	22,634
- designated for deferred comp				
<b>TOTAL FUND EQUITY</b>	<b>142,617</b>	<b>570,495</b>	<b>57,304</b>	<b>22,634</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$205,395</u></b>	<b><u>\$579,258</u></b>	<b><u>\$60,623</u></b>	<b><u>\$22,634</u></b>

See accompanying notes to financial statements

Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Types				Account Groups		Total All Funds- Memo Only
	<u>Employees 457 Def. Comp</u>	<u>Trust and Agency</u>	<u>Pension Trust</u>	<u>Tax Collection</u>	<u>General Long- term Debt</u>	<u>General Fixed Assets</u>	
\$ 160,714	\$	\$	\$	\$	\$	\$	\$ 171,962
7,435							7,435
112,799				50			2,306
							165,874
							5,617
							2,664
					405,024		405,024
					22,462		22,462
<u>308,075</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>667,940</u>	<u>          </u>	<u>976,015</u>
589,023				50	1,095,426		1,759,359
2,271,220							2,271,220
						2,233,270	2,233,270
199,787							199,787
45,001							45,001
			78,662				158,600
	<u>24,728</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>713,112</u>
<u>2,516,008</u>	<u>24,728</u>	<u>          </u>	<u>78,662</u>	<u>          </u>	<u>          </u>	<u>2,233,270</u>	<u>5,645,718</u>
<u>\$3,105,031</u>	<u>\$24,728</u>	<u>\$          </u>	<u>\$78,662</u>	<u>\$50</u>	<u>\$1,095,426</u>	<u>\$2,233,270</u>	<u>\$7,405,077</u>

# NEGAUNEE TOWNSHIP

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>Governmental Fund Types</u>			<u>Capital</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Projects</u>	<u>Expendable Trust</u>	<u>(Memo Only)</u>
<b>REVENUES</b>						
Taxes	\$110,062	\$347,184	\$	\$	\$	\$457,246
Licenses and permits	5,565					5,565
State grants	219,133	579				219,712
Charges for services	4,743					4,743
Interest income	1,145	3,992	326	3		5,466
Special assessments			23,672			23,672
Other	<u>17,764</u>	<u>45,650</u>			<u>7,472</u>	<u>70,886</u>
<b>TOTAL REVENUES</b>	<b>358,412</b>	<b>397,405</b>	<b>23,998</b>	<b>3</b>	<b>7,472</b>	<b>787,290</b>
<b>EXPENDITURES</b>						
Legislative	12,500					12,500
General government	216,781	103,622		10,200		330,603
Public safety	8,070	120,028				128,098
Public works	52,603	195				52,798
Community & economic development	2,822					2,822
Other	64,669		250		3,307	68,226
Debt service						
Principal	10,000	13,326	20,000			43,326
Interest	21,340	11,828	6,937			40,105
Capital outlay	<u>32,098</u>	<u>48,173</u>		<u>22,090</u>		<u>102,361</u>
<b>TOTAL EXPENDITURES</b>	<b>420,883</b>	<b>297,172</b>	<b>27,187</b>	<b>32,290</b>	<b>3,307</b>	<b>780,839</b>
<b>EXCESS OF REVENUES/ &lt;EXPENDITURES&gt;</b>	<b>&lt;62,471&gt;</b>	<b>100,233</b>	<b>&lt;3,189&gt;</b>	<b>&lt;32,287&gt;</b>	<b>4165</b>	<b>6,451</b>
<b>OTHER FINANCING SOURCES /&lt;USES&gt;</b>						
Operating transfers in/<out>	<u>343</u>			<u>&lt;343&gt;</u>		
<b>TOTAL OTHER FINANCING SOURCES/&lt;USES&gt;</b>	<b><u>343</u></b>			<b><u>&lt;343&gt;</u></b>		
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>&lt;62,128&gt;</b>	<b>100,233</b>	<b>&lt;3,189&gt;</b>	<b>&lt;32,630&gt;</b>	<b>4165</b>	<b>6,451</b>
<b>FUND BALANCE – APRIL 1, 2003</b>	<b><u>204,745</u></b>	<b><u>470,262</u></b>	<b><u>60,493</u></b>	<b><u>55,264</u></b>	<b><u>20,563</u></b>	<b><u>811,327</u></b>
<b>FUND BALANCE – MARCH 31, 2004</b>	<b><u>\$142,617</u></b>	<b><u>\$570,495</u></b>	<b><u>\$57,304</u></b>	<b><u>\$22,634</u></b>	<b><u>\$24,728</u></b>	<b><u>\$817,778</u></b>
See accompanying notes to financial statements						

# NEGAUNEE TOWNSHIP

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL – GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	General Fund		
	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>REVENUES</b>			
Taxes	\$110,062	\$120,250	\$<10,188>
Licenses and permits	5,565	5,600	<35>
State grants	219,133	219,153	<20>
Charges for services	4,743	5,000	<257>
Interest income	1,145	2,000	<855>
Other	<u>17,764</u>	<u>240,550</u>	<u>&lt;222,786&gt;</u>
<b>TOTAL REVENUES</b>	<b>358,412</b>	<b>592,553</b>	<b>&lt;234,141&gt;</b>
<b>EXPENDITURES</b>			
Legislative	12,500	13,400	900
General government	216,781	439,575	222,794
Public safety	8,070	1,650	<6,420>
Public works	52,603	63,830	11,227
Community and economic development	2,822	3,750	928
Other	64,669	65,650	981
Debt service – Principal	10,000	10,000	
- Interest	21,340	21,500	160
Capital outlay	<u>32,098</u>	<u>6,398</u>	<u>&lt;25,700&gt;</u>
<b>TOTAL EXPENDITURES</b>	<b><u>420,883</u></b>	<b><u>625,753</u></b>	<b><u>204,870</u></b>
<b>EXCESS OF REVENUES/ &lt;EXPENDITURES&gt;</b>	<b>&lt;62,471&gt;</b>	<b>&lt;33,200&gt;</b>	<b>&lt;29,271&gt;</b>
<b>OTHER FINANCING SOURCES/&lt;USES&gt;</b>			
Operating transfers in/<out>	<u>343</u>		<u>343</u>
<b>TOTAL OTHER FINANCING SOURCES&lt;USES&gt;</b>	<b><u>343</u></b>		<b><u>343</u></b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER/&lt;UNDER&gt; EXPENDITURES AND OTHER USES</b>	<b>&lt;62,128&gt;</b>	<b>&lt;33,200&gt;</b>	<b>&lt;28,928&gt;</b>
<b>FUND BALANCE – APRIL 1, 2003</b>	<b><u>204,745</u></b>	<b><u>204,745</u></b>	
<b>FUND BALANCE – MARCH 31, 2004</b>	<b><u>\$142,617</u></b>	<b><u>\$171,545</u></b>	<b><u>\$&lt;28,928&gt;</u></b>

See accompanying notes to financial statements

Special Revenue Funds			Debt Service Fund			Total (Memo Only)		
Actual	Final Budget	Variance: Favorable <Unfavorable>	Actual	Final Budget	Variance: Favorable <Unfavorable>	Actual	Final Budget	Variance: Favorable <Unfavorable>
\$347,184	\$323,979	\$ 23,205	\$	\$	\$	\$457,246	\$444,229	\$ 13,017
579	550	29				5,565	5,600	<35>
3,992	4,400	<408>	326		326	219,712	219,703	9
45,650	14,500	31,150	23,672		23,672	4,743	5,000	<257>
						5,463	6,400	<937>
						23,672		23,672
						63,414	255,050	<191,636>
397,405	343,429	53,976	23,998		23,998			
						779,815	935,982	<156,167>
103,622	112,128	8,506				12,500	13,400	900
120,028	94,966	<25,062>				320,403	551,703	231,300
195	61,433	61,238				128,098	96,616	<31,482>
						52,798	125,263	72,465
			250		<250>	2,822	3,750	928
13,326	25,500	12,174	20,000		<20,000>	64,919	65,650	731
11,828		<11,828>	6,937		<6,937>	43,326	35,500	<7,826>
48,173	49,402	1,229				40,105	21,500	<18,605>
						80,271	55,800	<24,471>
297,172	343,429	46,257	27,187		<27,187>	745,242	969,182	223,940
100,233		100,233	<3,189>		<3,189>	34,573	<33,200>	67,773
						343		343
						343		343
100,233		100,233	<3,189>		<3,189>	34,916	<33,200>	68,116
470,262	470,262		60,493	60,493		735,500	735,500	
\$570,495	\$470,262	\$100,233	\$57,304	\$60,493	\$ <3,189>	\$770,416	\$702,300	\$ 68,116

# NEGAUNEE TOWNSHIP

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	<u>Proprietary Fund Types</u> <u>Enterprise</u>	<u>Fiduciary Fund Types</u> <u>Pension Trust</u>	<u>Total</u> <u>(Memo Only)</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$592,099	\$	\$592,099
Contributions to pension plan	<u>          </u>	<u>10,690</u>	<u>10,690</u>
<b>TOTAL OPERATING REVENUES</b>	<b>592,099</b>	<b>10,690</b>	<b>602,789</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	55,988		55,988
Payroll taxes	4,646		4,646
Employee benefits	18,676		18,676
Supplies	10,481		10,481
Office supplies and publishing	6,761		6,761
Telephone	2,719		2,719
Utilities	8,319		8,319
Repairs and maintenance	5,015		5,015
Insurance	4,620		4,620
Depreciation	60,031		60,031
Miscellaneous	2,641	1,019	3,660
Vehicle expense	3,313		3,313
Contractual services	363,364		363,364
Distributions	<u>          </u>	<u>6,601</u>	<u>6,601</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>546,574</b></u>	<u><b>7,620</b></u>	<u><b>554,194</b></u>
<b>OPERATING INCOME</b>	<b>45,525</b>	<b>3,070</b>	<b>48,595</b>
<b>NONOPERATING REVENUES&lt;EXPENSES&gt;</b>			
Investment income<loss>	1,612	13,223	14,835>
Interest expense	<u>&lt;20,480&gt;</u>	<u>          </u>	<u>&lt;20,480&gt;</u>
<b>TOTAL NONOPERATING REVENUES&lt;EXPENSES&gt;</b>	<u><b>&lt;18,868&gt;</b></u>	<u><b>13,223</b></u>	<u><b>&lt;5,645&gt;</b></u>
<b>NET INCOME</b>	<b>26,657</b>	<b>16,293</b>	<b>42,950</b>
Add depreciation on fixed assets acquired by federal and state grants which reduces contributed capital	<u>20,754</u>	<u>          </u>	<u>20,754</u>
<b>INCREASE IN RETAINED EARNINGS/ FUND BALANCES</b>	<b>47,411</b>	<b>16,293</b>	<b>63,704</b>
<b>RETAINED EARNINGS/FUND BALANCES – APRIL 1, 2003 - RESTATED</b>	<u><b>197,377</b></u>	<u><b>62,369</b></u>	<u><b>259,746</b></u>
<b>RETAINED EARNINGS/FUND BALANCES – MARCH 31, 2004</b>	<u><b>\$244,788</b></u>	<u><b>\$78,662</b></u>	<u><b>\$323,450</b></u>

See accompanying notes to financial statements



# NEGAUNEE TOWNSHIP

## COMBINING STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	<u>Water</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>			
Cash charges for services	\$194,298	\$250,558	\$444,856
Other operating revenue	6,225		6,225
Cash payments to employees for services and cash payments to suppliers for goods and services	<u>&lt;127,441&gt;</u>	<u>&lt;236,512&gt;</u>	<u>&lt;363,953&gt;</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	73,082	14,046	87,128
<b>CASH FLOWS PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments on revenue bonds	<30,000>		<30,000>
Purchase of fixed assets	<816,917>		<816,917>
Grants received and contributed capital	<u>811,275</u>	<u>          </u>	<u>811,275</u>
NET CASH PROVIDED BY <USED IN> CAPITAL AND RELATED FINANCING ACTIVITIES	<35,642>		<35,642>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Surrender of certificates of deposit	56,383		56,383
Interest income received	750	23	773
Interest expense paid	<u>&lt;19,621&gt;</u>	<u>          </u>	<u>&lt;19,621&gt;</u>
NET CASH PROVIDED BY <USED IN> INVESTING ACTIVITIES	<u>37,512</u>	<u>23</u>	<u>37,535</u>
NET INCREASE IN CASH	74,952	14,069	89,021
<b>CASH – APRIL 1, 2003</b>	<u>149,711</u>	<u>40,051</u>	<u>189,762</u>
<b>CASH – MARCH 31, 2004</b>	<u>\$224,663</u>	<u>\$ 54,120</u>	<u>\$278,783</u>

See accompanying notes to financial statements

**NEGAUNEE TOWNSHIP****COMBINING STATEMENT OF CASH FLOWS****ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS – Continued  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Water</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 33,784	\$ 11,741	\$45,525
Adjustments to reconcile operating income<loss> to net cash provided by operating activities			
Depreciation	60,031		60,031
Changes in assets and liabilities:			
<Increase>decrease in accounts receivable	182,616	<139,152>	43,464
Decrease in connection fees receivable	776		776
<Increase> in interfund receivables	<25,009>		<25,009>
<Increase> in due from other governmental units		<262>	<262>
<Decrease>increase in accounts payable	<180,801>	135,644	<45,157>
Increase in interfund payables	1,685		1,685
Increase in performance bond payable	<u>          </u>	<u>6,075</u>	<u>6,075</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 73,082</u>	<u>\$ 14,046</u>	<u>\$87,128</u>

See accompanying notes to financial statements

**NEGAUNEE TOWNSHIP**

**GENERAL FUND**

**SUPPLEMENTAL SCHEDULE OF REVENUES COMPARED TO BUDGET  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Actual</u>	<u>Final Budget</u>
Taxes		
Current tax collections	\$ 84,722	\$ 84,250
Delinquent property tax	928	5,000
Commercial forest reserve and yield	1,500	9,000
Penalties, interest and fees on taxes	22,912	22,000
Licenses and permits	5,565	5,600
State grants		
State revenue sharing	219,133	219,153
Charges for services		
Summer tax collection fees	4,743	5,000
Interest income	1,145	2,000
Transfer from capital projects	343	
Other	<u>17,764</u>	<u>240,550</u>
<b>TOTAL GENERAL FUND REVENUES</b>	<b><u>\$358,755</u></b>	<b><u>\$592,553</u></b>

See accompanying notes to financial statements

# NEGAUNEE TOWNSHIP

## GENERAL FUND SUPPLEMENTAL SCHEDULE OF EXPENDITURES COMPARED TO BUDGET FOR THE YEAR ENDED MARCH 31, 2004

	Personal Services Salaries, Wages And Benefits	Capital Outlay	Other	Total	Final Budget
<b>LEGISLATIVE – Township Board</b>	\$ 8,670	\$ 2,700	\$ 3,830	\$ 15,200	\$ 15,400
<b>GENERAL GOVERNMENT</b>					
Executive – supervisor	16,000		529	16,529	16,600
Elections			192	192	250
Assessor/equalization	41,081		10,716	51,797	53,250
Legal and accounting			10,731	10,731	13,150
Clerk	18,639			18,639	19,050
Board of review	1,050			1,050	2,250
Treasurer	29,933		8,169	38,102	33,750
Township hall	43,032		19,820	62,852	64,350
Other			16,889	16,889	236,925
<b>TOTAL GENERAL GOVERNMENT</b>	149,735		67,046	216,781	439,575
<b>PUBLIC SAFETY</b>					
Animal control	1,870			1,870	1,650
Fire			6,200	6,200	
<b>TOTAL PUBLIC SAFETY</b>	1,870		6,200	8,070	1,650
<b>PUBLIC WORKS</b>					
Project manager and garage	21,401		16,309	37,710	48,628
Highways, streets, lighting			12,159	12,159	12,450
Sanitation		29,398	2,734	32,132	7,150
<b>TOTAL PUBLIC WORKS</b>	21,401	29,398	31,202	82,001	68,228
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>					
Planning and zoning	2,580		242	2,822	3,750
<b>OTHER</b>					
FICA	12,167			12,167	12,500
Unemployment	471			471	500
Retirement	5,429			5,429	5,500
Hospitalization	38,975			38,975	39,500
Insurance			7,627	7,627	7,650
Debt Payments:					
Principal and interest			31,340	31,340	31,500
<b>TOTAL OTHER</b>	57,042		38,967	96,009	97,150
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u>\$241,298</u>	<u>\$32,098</u>	<u>\$147,487</u>	<u>\$420,883</u>	<u>\$625,753</u>

See accompanying notes to financial statements

**NEGAUNEE TOWNSHIP**  
**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**MARCH 31, 2004**

	<u>Road</u>	<u>Fire</u>	<u>Liquor Law Enforcement</u>
<b>ASSETS</b>			
Cash on hand and in bank	\$128,458	\$112,504	\$314
Certificates of deposit	46,925	52,795	
Accounts receivable		140	
Taxes receivable	5,469	12,578	
Interest receivable	<u>198</u>	<u>280</u>	<u>      </u>
<b>TOTAL ASSETS</b>	<b><u>\$181,050</u></b>	<b><u>\$178,297</u></b>	<b><u>\$314</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$	\$ 1,726	\$
Security deposits payable			
Deferred revenues	627		
Interfund payables	<u>      </u>	<u>      </u>	<u>      </u>
<b>TOTAL LIABILITIES</b>	<b>627</b>	<b>1,726</b>	
<b>FUND BALANCES</b>	<b><u>180,423</u></b>	<b><u>176,571</u></b>	<b><u>314</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$181,050</u></b>	<b><u>\$178,297</u></b>	<b><u>\$314</u></b>

See accompanying notes to financial statements

<u>Community Building</u>	<u>Brownfield</u>	<u>Total</u>
\$201,509	\$7,580	\$450,365
		99,720
		140
10,456		28,503
<u>52</u>	<u>          </u>	<u>530</u>
<u>\$212,017</u>	<u>\$7,580</u>	<u>\$579,258</u>
\$ 2,373	\$	\$ 4,099
2,306		2,306
1,198		1,825
<u>16</u>	<u>517</u>	<u>533</u>
5,893	517	8,763
<u>206,124</u>	<u>7,063</u>	<u>570,495</u>
<u>\$212,017</u>	<u>\$7,580</u>	<u>\$579,258</u>

**NEGAUNEE TOWNSHIP**

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Road</u>	<u>Fire</u>	<u>Liquor Law Enforcement</u>
<b>REVENUES</b>			
Current tax collections	\$ 63,316	\$152,486	\$
Delinquent property taxes	717		
Commercial forest reserve		919	
Liquor license fees			579
Interest income	1,294	2,232	
Rental income			
Grant income		29,634	
Other	<u>59</u>	<u>2,528</u>	<u>      </u>
<b>TOTAL REVENUES</b>	<b>65,386</b>	<b>187,799</b>	<b>579</b>
<b>EXPENDITURES</b>			
Highways and streets	195		
Fire prevention		119,499	
Community building			
Liquor inspection			529
Brownfield			
Debt service		25,154	
Capital outlay	<u>      </u>	<u>25,452</u>	<u>      </u>
<b>TOTAL EXPENDITURES</b>	<b><u>195</u></b>	<b><u>170,105</u></b>	<b><u>529</u></b>
<b>EXCESS OF REVENUES/ &lt;EXPENDITURES&gt;</b>	<b>65,191</b>	<b>17,694</b>	<b>50</b>
<b>FUND BALANCES – APRIL 1, 2003</b>	<b><u>115,232</u></b>	<b><u>158,877</u></b>	<b><u>264</u></b>
<b>FUND BALANCES – MARCH 31, 2004</b>	<b><u>\$180,423</u></b>	<b><u>\$176,571</u></b>	<b><u>\$314</u></b>

See accompanying notes to financial statements

<u>Community Building</u>	<u>Brownfield</u>	<u>Total</u>
\$121,057	\$7,373	\$344,232
1,316		2,033
		919
		579
459	7	3,992
12,880		12,880
		29,634
<u>549</u>	<u>          </u>	<u>3,136</u>
136,261	7,380	397,405
		195
		119,499
98,145		98,145
		529
	5,477	5,477
		25,154
<u>22,721</u>	<u>          </u>	<u>48,173</u>
<u>120,866</u>	<u>5,477</u>	<u>297,172</u>
15,395	1,903	100,233
<u>190,729</u>	<u>5,160</u>	<u>470,262</u>
<u>\$206,124</u>	<u>\$7,063</u>	<u>\$570,495</u>



**NEGAUNEE TOWNSHIP**

**ROAD FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>REVENUES</b>			
Current tax collections	\$ 63,316	\$ 60,233	\$ 3,083
Delinquent property taxes	717		717
Interest income	1,294	1,200	94
Other	<u>59</u>	<u>          </u>	<u>59</u>
TOTAL REVENUES	65,386	61,433	3,953
<b>EXPENDITURES</b>			
Road signs	195	300	105
Future road contracts	<u>          </u>	<u>61,133</u>	<u>61,133</u>
TOTAL EXPENDITURES	<u>195</u>	<u>61,433</u>	<u>61,238</u>
<b>EXCESS OF REVENUES/&lt;EXPENDITURES&gt;</b>	65,191		65,191
<b>FUND BALANCE – APRIL 1, 2003</b>	<u>115,232</u>	<u>115,232</u>	<u>          </u>
<b>FUND BALANCE – MARCH 31, 2004</b>	<u>\$180,423</u>	<u>\$115,232</u>	<u>\$65,191</u>

See accompanying notes to financial statements

# NEGAUNEE TOWNSHIP

## FIRE FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>REVENUES</b>			
Current tax collections	\$152,486	\$143,118	\$ 9,368
Commercial forest reserve	919	250	669
Interest income	2,232	2,000	232
Grant income	29,634		29,634
Other	<u>2,528</u>	<u>          </u>	<u>2,528</u>
<b>TOTAL REVENUES</b>	<b>187,799</b>	<b>145,368</b>	<b>42,431</b>
<b>EXPENDITURES</b>			
Salaries and wages	18,620	24,750	6,130
Operating supplies	50,039	12,000	<38,039>
Training expense	1,252	3,000	1,748
Office supplies	70	1,000	930
Hydrant rentals	28,623	28,623	
Memberships	325	300	<25>
Pager maintenance	910	1,000	90
Gas and oil	555	750	195
Mileage	55	250	195
Promotional	2,709	3,000	291
Insurance	8,140	7,300	<840>
Telephone	1,039	1,000	<39>
Pagers	60	2,000	1,940
Hospitalization		2,500	2,500
Payroll taxes	1,431	1,775	344
Utilities	4,642	3,668	<974>
Repairs and maintenance	994	1,500	506
Retirement	35		<35>
Debt payments:			
Principal and interest	25,154	25,500	346
Capital outlay	<u>25,452</u>	<u>25,452</u>	<u>          </u>
<b>TOTAL EXPENDITURES</b>	<b><u>170,105</u></b>	<b><u>145,368</u></b>	<b><u>&lt;24,737&gt;</u></b>
<b>EXCESS OF REVENUES/&lt;EXPENDITURES&gt;</b>	<b>17,694</b>		<b>17,694</b>
<b>FUND BALANCE – APRIL 1, 2003</b>	<b><u>158,877</u></b>	<b><u>158,877</u></b>	<b><u>          </u></b>
<b>FUND BALANCE – MARCH 31, 2004</b>	<b><u>\$176,571</u></b>	<b><u>\$158,877</u></b>	<b><u>\$ 17,694</u></b>
See accompanying notes to financial statements			

**NEGAUNEE TOWNSHIP**

**LIQUOR LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable < <u>Unfavorable</u> >
<b>REVENUES</b>			
Liquor license fees	\$579	\$550	\$29
<b>EXPENDITURES</b>			
Liquor inspection	<u>529</u>	<u>550</u>	<u>21</u>
<b>EXCESS OF REVENUES/&lt;EXPENDITURES&gt;</b>	50		50
<b>FUND BALANCE – APRIL 1, 2003</b>	<u>264</u>	<u>264</u>	<u>—</u>
<b>FUND BALANCE – MARCH 31, 2004</b>	<u>\$314</u>	<u>\$264</u>	<u>\$50</u>

See accompanying notes to financial statements

# NEGAUNEE TOWNSHIP

## COMMUNITY BUILDING FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>REVENUES</b>			
Current tax collections	\$121,057	\$115,100	\$ 5,957
Delinquent property taxes	1,316	200	1,116
Interest income	459	1,200	<741>
Rental income	12,880	14,400	<1,520>
Other	<u>549</u>	<u>100</u>	<u>449</u>
TOTAL REVENUES	136,261	131,000	5,261
<b>EXPENDITURES</b>			
Salaries and wages	36,569	45,110	8,541
Payroll taxes	3,051	4,200	1,149
Hospitalization	15,438	14,350	<1,088>
Retirement	1,242	1,500	258
Insurance	7,442	8,600	1,158
Operating supplies	3,396	5,000	1,604
Inspection fees	451	350	<101>
Utilities	13,921	11,500	<2,421>
Lawn	2,198	4,000	1,802
Maintenance and repair	7,989	8,200	211
Recreation	4,952	4,100	<852>
Special projects	1,496	140	<1,356>
Capital outlay	<u>22,721</u>	<u>23,950</u>	<u>1,229</u>
TOTAL EXPENDITURES	<u>120,866</u>	<u>131,000</u>	<u>10,134</u>
<b>EXCESS OF REVENUES/&lt;EXPENDITURES&gt;</b>	15,395		15,395
<b>FUND BALANCE – APRIL 1, 2003</b>	<u>190,729</u>	<u>190,729</u>	
<b>FUND BALANCE – MARCH 31, 2004</b>	<u>\$206,124</u>	<u>\$190,729</u>	<u>\$15,395</u>

See accompanying notes to financial statements

**NEGAUNEE TOWNSHIP****BROWNFIELD FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>REVENUES</b>			
Current tax collections	\$7,373	\$5,078	\$2,295
Interest income	<u>7</u>	<u>      </u>	<u>7</u>
<b>TOTAL REVENUES</b>	<b>7,380</b>	<b>5,078</b>	<b>2,302</b>
<b>EXPENDITURES</b>			
Salaries and wages	420	1,700	1,280
Payroll taxes	32		<32>
Professional fees		300	300
Contractual services	5,000	3,078	<1,922>
Miscellaneous	<u>25</u>	<u>      </u>	<u>&lt;25&gt;</u>
<b>TOTAL EXPENDITURES</b>	<b><u>5,477</u></b>	<b><u>5,078</u></b>	<b><u>&lt;399&gt;</u></b>
<b>EXCESS OF REVENUES/&lt;EXPENDITURES&gt;</b>	<b>1,903</b>		<b>1,903</b>
<b>FUND BALANCE – APRIL 1, 2003</b>	<b><u>5,160</u></b>	<b><u>      </u></b>	<b><u>5,160</u></b>
<b>FUND BALANCE – MARCH 31, 2004</b>	<b><u>\$7,063</u></b>	<b><u>\$      </u></b>	<b><u>\$7,063</u></b>

See accompanying notes to financial statements

# NEGANUEE TOWNSHIP

## PROPRIETARY FUND TYPES – ENTERPRISE FUNDS COMBINING BALANCE SHEET MARCH 31, 2004

	<u>Water</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
<b>ASSETS</b>			
Cash on hand and in bank	\$ 224,663	\$ 54,120	\$ 278,783
Certificates of deposit	42,970	2,662	45,632
Accounts receivable (net of allowance for uncollectibles)	10,916	143,327	154,243
Interest receivable	70		70
Connection fees receivable	2,090		2,090
Interfund receivables	26,675	3,199	29,874
Due from other governmental units		1,872	1,872
Land and improvements	34,500		34,500
Buildings	89,198		89,198
Equipment	98,893		98,893
Office equipment	17,010		17,010
Water distribution system	3,471,846		3,471,846
Accumulated depreciation	<u>&lt;1,118,980&gt;</u>		<u>&lt;1,118,980&gt;</u>
<b>TOTAL ASSETS</b>	<u><b>\$2,899,851</b></u>	<u><b>\$205,180</b></u>	<u><b>\$3,105,031</b></u>
<b>LIABILITIES AND FUND EQUITY</b>			
Accounts payable	\$ 9,901	\$150,813	\$ 160,714
Interest payable	7,435		7,435
Interfund payables	112,799		112,799
Performance bond payable		12,075	12,075
Bonds payable	<u>296,000</u>		<u>296,000</u>
<b>TOTAL LIABILITIES</b>	<b>426,135</b>	<b>162,888</b>	<b>589,023</b>
<b>FUND EQUITY</b>			
Contributed capital	2,271,220		2,271,220
Retained earnings			
Unreserved			
- undesignated	157,495	42,292	199,787
Reserved	<u>45,001</u>		<u>45,001</u>
<b>TOTAL FUND EQUITY</b>	<u><b>2,473,716</b></u>	<u><b>42,292</b></u>	<u><b>2,516,008</b></u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><b>\$2,899,851</b></u>	<u><b>\$205,180</b></u>	<u><b>\$3,105,031</b></u>

See accompanying notes to financial statements

# NEGAUNEE TOWNSHIP

## PROPRIETARY FUND TYPES – ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 2004

	<u>Water</u>	<u>Solid Waste Disposal</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	<u>\$202,127</u>	<u>\$389,972</u>	<u>\$592,099</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	48,534	7,454	55,988
Payroll taxes	4,059	587	4,646
Employee benefits	15,707	2,969	18,676
Supplies	9,002	1,479	10,481
Office supplies and publishing	4,730	2,031	6,761
Telephone	2,719		2,719
Utilities	8,319		8,319
Professional fees	1,124		1,124
Repairs and maintenance	5,015		5,015
Dues and subscriptions	928		928
Insurance	4,620		4,620
Depreciation	60,031		60,031
Miscellaneous	589		589
Vehicle expense	2,966	347	3,313
Contractual services		<u>363,364</u>	<u>363,364</u>
<b>TOTAL OPERATING EXPENSE</b>	<u>168,343</u>	<u>378,231</u>	<u>546,574</u>
<b>OPERATING INCOME&lt;LOSS&gt;</b>	33,784	11,741	45,525
<b>NONOPERATING REVENUES&lt;EXPENSES&gt;</b>			
Interest income	1,535	77	1,612
Interest expense	<u>&lt;20,480&gt;</u>		<u>&lt;20,480&gt;</u>
<b>TOTAL NONOPERATING REVENUES&lt;EXPENSES&gt;</b>	<u>&lt;18,945&gt;</u>	<u>77</u>	<u>&lt;18,868&gt;</u>
<b>NET INCOME&lt;LOSS&gt;</b>	14,839	11,818	26,657
Add depreciation of fixed assets acquired by federal and state grants which reduces contributed capital	<u>20,754</u>		<u>20,754</u>
<b>INCREASE&lt;DECREASE&gt; IN RETAINED EARNINGS</b>	35,593	11,818	47,411
<b>RETAINED EARNINGS – APRIL 1, 2003 - RESTATED</b>	<u>166,903</u>	<u>30,474</u>	<u>197,377</u>
<b>RETAINED EARNINGS – MARCH 31, 2004</b>	<u>\$202,496</u>	<u>\$ 42,292</u>	<u>\$244,788</u>
See accompanying notes to financial statements			

# NEGAUNEE TOWNSHIP

## WATER FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS – BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable >
<b>OPERATING REVENUES</b>			
Water charges	\$167,279	\$160,700	\$ 6,579
Hydrant rental	28,623	28,675	<52>
Other	<u>6,225</u>	<u>5,850</u>	<u>375</u>
TOTAL OPERATING REVENUES	202,127	195,225	6,902
<b>OPERATING EXPENSES</b>			
Salaries and wages	48,534	48,050	<484>
Payroll taxes	4,059	4,300	241
Employee benefits	15,707	17,850	2,143
Supplies	9,002	6,030	<2,972>
Office supplies and publishing	4,730	5,295	565
Telephone	2,719	3,150	431
Utilities	8,319	9,200	881
Professional fees	1,124	1,200	76
Repairs and maintenance	5,015	8,270	3,255
Dues and subscriptions	928	1,000	72
Insurance	4,620	4,625	5
Depreciation	60,031	62,875	2,844
Miscellaneous	589	1,325	736
Vehicle expense	2,966	3,350	384
Emergency fund		<u>15,350</u>	<u>15,350</u>
TOTAL OPERATING EXPENSES	<u>168,343</u>	<u>191,870</u>	<u>23,527</u>
<b>OPERATING INCOME&lt;LOSS&gt;</b>	33,784	3,355	30,429
<b>NONOPERATING REVENUES&lt;EXPENSES&gt;</b>			
Interest income	1,535	300	1,235
Operating grant		14,745	<14,745>
Interest expense	<u>&lt;20,480&gt;</u>	<u>&lt;18,400&gt;</u>	<u>&lt;2,080&gt;</u>
TOTAL NONOPERATING REVENUES<EXPENSES>	<u>&lt;18,945&gt;</u>	<u>&lt;3,355&gt;</u>	<u>&lt;15,590&gt;</u>
NET INCOME	14,839		14,839
Add depreciation of fixed assets acquired by federal and state grants which reduces contributed capital	<u>20,754</u>		<u>20,754</u>
INCREASE IN RETAINED EARNINGS	35,593		35,593
<b>RETAINED EARNINGS – APRIL 1, 2003 – RESTATED</b>	<u>166,903</u>	<u>166,903</u>	
<b>RETAINED EARNINGS – MARCH 31, 2004</b>	<u>\$202,496</u>	<u>\$166,903</u>	<u>\$35,593</u>
See accompanying notes to financial statements			



# NEGAUNEE TOWNSHIP

## SOLID WASTE DISPOSAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS – BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004

	<u>Actual</u>	<u>Final Budget</u>	Variance: Favorable <Unfavorable>
<b>OPERATING REVENUES</b>			
Garbage collection fees	\$113,166	\$112,175	\$ 991
Tipping fees	<u>276,806</u>	<u>16,000</u>	<u>260,806</u>
TOTAL OPERATING REVENUES	389,972	128,175	261,797
<b>OPERATING EXPENSES</b>			
Sanitation wages	7,454	6,500	<954>
Payroll taxes	587	550	<37>
Office supplies and publishing	2,031	1,000	<1,031>
Contractual services	363,364	99,950	<263,414>
Employee benefits	2,969	2,925	<44>
Supplies	1,479	1,000	<479>
Vehicle expense	<u>347</u>	<u>150</u>	<u>&lt;197&gt;</u>
TOTAL OPERATING EXPENSES	<u>378,231</u>	<u>112,075</u>	<u>&lt;266,156&gt;</u>
<b>OPERATING INCOME&lt;LOSS&gt;</b>	11,741	16,100	<4,359>
<b>NONOPERATING REVENUES/&lt;EXPENSES&gt;</b>			
Interest income	<u>77</u>	<u>100</u>	<u>&lt;23&gt;</u>
TOTAL NONOPERATING REVENUES	<u>77</u>	<u>100</u>	<u>&lt;23&gt;</u>
NET INCOME <LOSS>	11,818	16,200	<4,382>
<b>RETAINED EARNINGS – APRIL 1, 2003</b>	<u>30,474</u>	<u>30,474</u>	
<b>RETAINED EARNINGS – MARCH 31, 2004</b>	<u>\$ 42,292</u>	<u>\$ 46,674</u>	<u>\$ &lt;4,382&gt;</u>

See accompanying notes to financial statements

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS MARCH 31, 2004**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Negaunee Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Negaunee Township.

##### **Reporting Entity:**

Negaunee Township is governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

##### **Fund Accounting:**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for as individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

##### **Governmental Funds:**

**GENERAL FUND** – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**SPECIAL REVENUE FUNDS** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**DEBT SERVICE FUNDS** – These funds are used to record revenues which are restricted for the payment of principal and interest on debt recorded in the general long-term debt account group, which include payments on special assessment bonds.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Governmental Funds:** - Continued

**CAPITAL PROJECTS FUNDS** – These funds are used to account for the acquisition or construction of major facilities other than those financed by proprietary fund operations.

##### **Proprietary Funds:**

**ENTERPRISE FUNDS** – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

##### **Fiduciary Funds:**

**TRUST AND AGENCY FUNDS** – Trust and Agency Funds are used to account for assets held by the Township as an agent for others which include pension trust and agency funds.

##### **Account Groups:**

**GENERAL FIXED ASSETS** – This account group presents the fixed assets of the local unit utilized in its general operations, other than those fixed assets recorded in proprietary funds.

**GENERAL LONG-TERM DEBT** – This account group presents the balance of general obligation long-term debt, which is not recorded in proprietary funds.

##### **Basis of Accounting:**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Basis of Accounting:** - Continued

Interest on long-term debt is recorded when due. All proprietary funds and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency funds are accounted for using the modified accrual basis of accounting. Since agency funds do not involve measurement of results of operations, there are no revenue or expenditure accounts.

Negaunee Township applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

##### **Measurement Focus:**

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on the general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

## NEGAUNEE TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS –Continued MARCH 31, 2004

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Measurement Focus:** - Continued

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations. Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They instead are reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds and Pension Trust Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

Fixed assets and their related accumulated depreciation, in the Water fund, are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Current Depreciation</u>	<u>Estimated Lives</u>
Water distribution	\$3,471,846	\$1,061,723	\$51,528	20-50 years
Equipment (including office)	115,903	54,470	6,273	3-20 years
Building	89,198	2,787	2,230	40 years

##### **Budgets and Budgetary Accounting:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Budgets and Budgetary Accounting:** - Continued

2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by resolution.
4. Any revision that alters the original budget of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
7. Budget appropriations lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original budget.

##### **Inventories:**

The Township does not record items as inventories. Supplies are recorded as expenditures when they are purchased.

##### **Accumulated Unpaid Vacation and Sick Leave:**

The Township allows employees, depending on their years of service, to accumulate 5 to 20 days of unused vacation. Additionally, the Township allows employees to accumulate a maximum of 30 days sick leave of which the employee will be paid for 15 days upon employment termination. Accumulated sick leave and unpaid vacation amounted to \$22,462 at March 31, 2004. This amount is reflected in the General Long-Term Debt Group.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Reserved Retained Earnings and Fund Balance:**

Reserved retained earnings totals \$45,001 in the Water Fund. The amount reserved represents \$33,053 for bond retirement and \$11,948 for emergency funds. Reserved fund balance of \$158,600 represents \$78,662 reserved for employees retirement, \$57,304 reserved for debt service, and \$22,634 reserved for capital projects.

##### **Total Columns on the Combined Statements:**

Total columns on the Combined Statements are captioned "Memo Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

##### **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimated.

#### **NOTE B – CASH AND INVESTMENTS**

For the purpose of the statement of cash flows, cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments are stated at cost or amortized cost, except for investments in the pension trust which are reported at market value.

Cash deposits are in two financial institutions and one insurance company located in Michigan. All accounts are in the name of the Township and a specific fund. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE B – CASH AND INVESTMENTS – Continued**

Michigan Compiled Laws, Section 129.91, authorizes Negaunee Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchased; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board in accordance with Act 20, PA 1943, is in accordance with state statutory authority.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The carrying amount of the bank deposits was \$1,008,982 and the bank balances were \$1,024,424 at March 31, 2004. According to Statement No. 3 of the Governmental Accounting Standards Board, these deposits are classified by risk category:

Fully insured by FDIC	\$ 242,970
Uninsured (uncollateralized)	<u>781,454</u>
<b>TOTAL</b>	<b><u>\$1,024,424</u></b>

#### **NOTE C – DEFERRED COMPENSATION PLAN**

The Township has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent plan administrator. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The plan is accounted for in the Employees 457 Deferred Compensation Fund. The plan's assets are presented at fair market value and captioned as investments. These investments consist of mutual funds of which the total amount of \$24,728 is categorized as risk category number 2, according to GASB No. 3. This category includes uninsured and unregistered securities held by the counterparty's trust



## NEGAUNEE TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS – Continued MARCH 31, 2004

#### NOTE C – DEFERRED COMPENSATION PLAN – Continued

department or agent in the Township's name. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Township, subject only to the claims of the Township's general creditors. Participants' rights under the plan are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred amount for each participant. It is the opinion of the Township's legal counsel that the Township has no liability for losses under the plan agreement but does have the duty of due care that would be required of an ordinary prudent investor. The Township believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

#### NOTE D – CONNECTION FEES RECEIVABLE

Connection fees receivable resulted from a \$400 charge when customers connected to the water system. The fees could have been paid in one lump sum or in monthly installments. As of March 31, 2004, 20 customers were paying these in monthly installments. The connection fees must now be paid up front upon connection to the water system and range from \$1,200 to \$1,800.

#### NOTE E – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets is as follows:

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
Land and improvements	\$ 82,086	\$ 819	\$	\$ 82,905
Buildings	970,629	11,034		981,663
Equipment	1,047,334	61,110	15,775	1,092,669
Water system	78,602		78,602	
Sewer system		25,000		25,000
Equity in Marquette County Solid Waste Management Authority	<u>46,635</u>	<u>4,398</u>	<u></u>	<u>51,033</u>
TOTAL	<u>\$2,225,286</u>	<u>\$102,361</u>	<u>\$94,377</u>	<u>\$2,233,270</u>

#### NOTE F – CHANGES IN GENERAL LONG-TERM DEBT

A summary of changes in general long-term debt is as follows:

## NEGAUNEE TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS – Continued MARCH 31, 2004

#### NOTE F – CHANGES IN GENERAL LONG-TERM DEBT - Continued

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2004</u>
Marquette County Solid Waste Management	\$ 87,423	\$	\$ 9,483	\$ 77,940
Road improvement contract	35,885			35,885
Fire building note payable	212,090		9,395	202,695
Pumper fire truck	183,271		16,827	166,444
2001 Special Assessment bonds	170,000		20,000	150,000
2002 Township hall addition bonds	450,000		10,000	440,000
Accrued sick leave and vacation	<u>23,441</u>	<u>14,976</u>	<u>15,955</u>	<u>22,462</u>
TOTAL	<u>\$1,162,110</u>	<u>\$14,976</u>	<u>\$81,660</u>	<u>\$1,095,426</u>

#### Marquette County Solid Waste Management Authority Bonds

Negaunee Township is responsible for the repayment of \$73,523 of bond principal which represents their share of the original budgeted construction costs. Additionally, construction cost overruns were financed by the Authority through the sale of bonds to the Michigan Municipal Bond Authority. The Township of Negaunee is responsible for the repayment of \$79,898 of construction cost overruns as adjusted by the 2000 census figures. The balance is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004 – 2005	\$10,372	\$ 5,036	\$ 15,408
2005 – 2006	11,261	4,424	15,685
2006 – 2007	12,447	3,467	15,914
2007 – 2008	13,336	2,489	15,825
2008 – 2009	14,521	1,467	15,988
2009 – 2010	<u>16,003</u>	<u>400</u>	<u>16,403</u>
TOTAL	<u>\$77,940</u>	<u>\$17,283</u>	<u>\$ 95,223</u>

On April 1, 2003 the Marquette Solid Waste Management Authority voted to absorb internally the principal and interest payments of the Authority share of the 1993B bond expense. Negaunee Township did not have to pay \$5,085 of principal and \$3,162 of interest for the year ending March 31, 2004 because of this action.

**NEGAUNEE TOWNSHIP****NOTES TO FINANCIAL STATEMENTS – Continued**  
**MARCH 31, 2004****NOTE F – CHANGES IN GENERAL LONG-TERM DEBT - Continued****Road Improvement Contracts**

Negaunee Township entered into agreements with the Marquette County Road Commission for road reconstruction. The agreements include three annual principal payments as follows:

	<u>Date of Original Contract</u>	<u>Original Balance</u>	<u>Annual Payment</u>	<u>Balance 3-31-04</u>
Co. Rd. JG & JRE	3-28-01	\$102,042	\$37,858	<u>\$35,885</u>
				<u>\$35,885</u>

The Township's annual required payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	<u>\$35,885</u>	<u>\$1,973</u>	<u>\$37,858</u>
TOTAL	<u>\$35,885</u>	<u>\$1,973</u>	<u>\$37,858</u>

**Fire Building Note Payable:**

On August 20, 2003, Negaunee Township refinanced \$202,695 at 3.98% for a fire hall building. Principal and interest are due each year on June 1 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 16,621	\$ 6,297	\$ 22,918
2005-2006	15,513	7,406	22,919
2006-2007	16,130	6,788	22,918
2007-2008	16,772	6,146	22,918
2008-2009	17,440	5,479	22,919
2009-2010	18,134	4,785	22,919
2010-2011	18,855	4,063	22,918
2011-2012	19,606	3,313	22,919
2012-2013	20,386	2,532	22,918
2013-2014	21,197	1,721	22,918
2014-2015	<u>22,041</u>	<u>877</u>	<u>22,918</u>
TOTAL	<u>\$202,695</u>	<u>\$49,407</u>	<u>\$252,102</u>

**NEGAUNEE TOWNSHIP****NOTES TO FINANCIAL STATEMENTS – Continued**  
**MARCH 31, 2004****NOTE F – CHANGES IN GENERAL LONG-TERM DEBT - Continued****Pumper Fire Truck Lease Payable:**

On February 12, 2002, Negaunee Township borrowed \$200,850 at 4.75% as a downpayment for a pumper fire truck. Principal and interest are due November 1 of each year as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 17,598	\$ 7,854	\$ 25,452
2005-2006	18,447	7,005	25,452
2006-2007	19,315	6,137	25,452
2007-2008	20,224	5,228	25,452
2008-2009	21,164	4,288	25,452
2009-2010	22,172	3,280	25,452
2010-2011	23,216	2,236	25,452
2011-2012	<u>24,308</u>	<u>1,144</u>	<u>25,452</u>
TOTAL	<u>\$166,444</u>	<u>\$37,172</u>	<u>\$203,616</u>

**2001 Special Assessment Bonds Payable:**

Negaunee Township issued \$200,000 in special assessment bonds to finance the cost of road construction on Grimes Road and Hardwood Lane. The tax rolls of these property owners are pledged for the bond payments. In addition, the Township's full faith, credit and resources are pledged secondarily for the payment of principal and interest.

The balance is payable as follows:

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004 – 2005	4.0%	\$ 25,000	\$ 6,137	\$ 31,137
2005 – 2006	4.0	20,000	5,137	25,137
2006 – 2007	3.8	20,000	4,338	24,338
2007 – 2008	4.0	20,000	3,577	23,577
2008 – 2009	4.15	25,000	2,778	27,778
2009 – 2010	4.3	20,000	1,740	21,740
2010 – 2011	4.4	<u>20,000</u>	<u>880</u>	<u>20,880</u>
TOTAL		<u>\$150,000</u>	<u>\$24,587</u>	<u>\$174,587</u>

## NEGAUNEE TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS – Continued MARCH 31, 2004

#### NOTE F – CHANGES IN GENERAL LONG-TERM DEBT - Continued

##### 2002 Township Hall Addition Bonds Payable:

Negaunee Township issued \$450,000 in general obligation limited tax bonds on June 1, 2002 for the construction of an addition to the Township hall. The bonds are payable as follows:

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004 – 2005	4.0%	\$ 10,000	\$ 20,940	\$ 30,940
2005 – 2006	4.0	10,000	20,540	30,540
2006 – 2007	4.0	10,000	20,140	30,140
2007 – 2008	4.0	10,000	19,740	29,740
2008 – 2009	4.0	10,000	19,340	29,340
2009 – 2010	4.1	10,000	18,935	28,935
2010 – 2011	4.2	10,000	18,520	28,520
2011 – 2012	4.3	15,000	17,988	32,988
2012 – 2013	4.3	15,000	17,342	32,342
2013 – 2014	4.4	15,000	16,690	31,690
2014 and after	4.5 – 5.25	<u>325,000</u>	<u>134,070</u>	<u>459,070</u>
TOTAL		<u>\$440,000</u>	<u>\$324,245</u>	<u>\$764,245</u>

#### NOTE G – WATER REVENUE REFUNDING BONDS

On March 23, 1989, the Township issued \$550,000 of bonds through the Michigan Municipal Finance Authority for the purpose of refunding the \$770,000 outstanding principal of the 1978 water revenue bonds at a discount of \$244,629. In October, 1997 the remaining \$415,000 of bonds were refunded through the Michigan Municipal Bond Authority at a discount of \$51,369. The bonds are not a general obligation of the Township, but are payable both as to principal and interest, solely from the revenues of the Water Fund of the Township. The balance is payable as follows:

**NEGAUNEE TOWNSHIP****NOTES TO FINANCIAL STATEMENTS – Continued**  
**MARCH 31, 2004****NOTE G – WATER REVENUE REFUNDING BONDS – Continued**

<u>Fiscal Year</u>	<u>Original Principal</u>	<u>Original Interest</u>	<u>Less Loan Credit</u>	<u>Total</u>
2004 – 2005	\$ 35,000	\$18,715	\$ 1,882	\$ 51,833
2005 – 2006	35,000	16,125	6,113	45,012
2006 – 2007	40,000	13,500	5,115	48,385
2007 – 2008	45,000	10,500	3,975	51,525
2008 – 2009	45,000	7,125	2,715	49,410
2009 – 2010	<u>50,000</u>	<u>3,750</u>	<u>6,523</u>	<u>47,227</u>
TOTAL	<u>\$250,000</u>	<u>\$69,715</u>	<u>\$26,323</u>	<u>\$293,392</u>

**NOTE H – WATER TOWER IMPROVEMENT BONDS**

On June 4, 2002, the Township issued \$50,000 through Wells Fargo Bank Michigan, N.A. for improvements made to the water tower. The general obligation bonds pay interest at 5.35% from revenues of the Water Fund. The balance is payable as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004-2005	\$ 4,000	\$ 2,461	\$ 6,461
2005-2006	4,000	2,247	6,247
2006-2007	4,000	2,033	6,033
2007-2008	5,000	1,819	6,819
2008-2009	5,000	1,552	6,552
2009-2010	5,000	1,284	6,284
2010-2011	6,000	1,016	7,016
2011-2012	6,000	695	6,695
2012-2013	<u>7,000</u>	<u>375</u>	<u>7,375</u>
TOTAL	<u>\$46,000</u>	<u>\$13,482</u>	<u>\$59,482</u>

**NOTE I - PROPERTY TAXES**

The Township property tax is levied, due, and becomes a lien each December 1<sup>st</sup> based on property values located in the Township as of the preceding December 31<sup>st</sup>. The Township collects property taxes through the last day of February in the succeeding year. On March 1 of the subsequent year, delinquent real taxes are returned to Marquette County for collection. Delinquent personal property taxes remain with the Township and are to be collected by the Treasurer.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE I - PROPERTY TAXES – Continued**

The rate to finance general government services for the year ended March 31, 2004 was \$1.2851 per \$1,000 of taxable valuation of \$66,730,295. Also, an additional \$1.8361 per \$1,000 of taxable valuation was levied for community building operations, \$2.50 per \$1,000 of real property taxable valuation of \$61,487,395 was levied for fire protection, and \$ .9604 per \$1,000 of taxable valuation was levied for roads.

#### **NOTE J- RETIREMENT PLAN**

The Township had a defined contribution retirement plan covered under Code Sec. 401(k) of the IRS Code through Manufacturers Life Insurance Company that covers all employees at least 18 years of age. The Township's contribution for all funds was \$7,504 and the employees contribution was \$3,210 for the year ended March 31, 2004.

The contribution due each year is as follows:

- a. Employer contributions are 3% of covered employees compensation.
- b. Employee contributions will be \$390 per plan year.
- c. Any full-time employee not receiving health benefits will receive an employer contribution.
- d. Employees are also entitled to make additional voluntary after tax contributions of up to 10% of annual compensation.
- e. Total annual employer and employee contributions may not exceed 25% of compensation or \$40,000.

Manufacturers Life issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Manufacturers Life Insurance Company, P.O. Box 600, Buffalo, NY 14201-0600.

#### **NOTE K – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and injuries to employees.

## NEGAUNEE TOWNSHIP

### NOTES TO FINANCIAL STATEMENTS – Continued MARCH 31, 2004

#### NOTE K – RISK MANAGEMENT – Continued

The Township maintains insurance coverage through the Michigan Township Participating Plan. This Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

#### NOTE L – BUDGET COMPLIANCE

The Uniform Budgeting and Accounting Act, PA 2 of 1968, as amended, (MCL 141.421 et seq), provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. Negaunee Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of Negaunee Township for these budgeted funds were adopted to the line item level.

During the year, Negaunee Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriated</u>	<u>Expended</u>	<u>Variance</u>
General Fund:			
Public safety	\$ 1,650	\$ 8,070	\$ <6,420>
Capital outlay	6,398	32,098	<25,700>
Special Revenue Funds:			
Fire	145,368	170,105	<24,737>
Brownfield	5,078	5,477	<399>
Enterprise Funds:			
Solid waste disposal	112,075	378,231	<266,156>
Debt Service Fund – no budget			



## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE M – PENDING CLAIMS**

There are three pending claims in the Michigan Tax Tribunal against Negaunee Township by utility providers. These claims challenge the assessments of the utilities' properties for 1998, 1999, 2000, 2001, 2002 and 2003. If the method of assessing the utilities' personal properties is changed to favor the utilities Negaunee Township will have to pay back approximately \$13,500 in taxes and administration fees.

#### **NOTE N – ALLOWANCES FOR UNCOLLECTIBLES**

Negaunee Township established allowances for uncollectibles at March 31, 2004 as follows:

Garbage fees	\$ 1,000
Water fees	1,000

#### **NOTE O – JOINT VENTURE**

##### **Marquette County Solid Waste Management Authority**

During 1988, Negaunee Township joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The Authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structures, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, and conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two members designated by the Marquette City Commission, three members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by the other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE O – JOINT VENTURE – Continued**

##### **Marquette County Solid Waste Management Authority - Continued**

The Township's pro-rata share (based on population) of assets, liabilities, and fund equity is 4.04 percent. Summary financial information as of and for the fiscal year ended June 30, 2003, is as follows:

Total Assets	\$12,216,894
Total Liabilities	2,302,341
Total Equity	9,914,553
Total Operating Revenues	2,557,446
Total Operating Expenses	1,841,275
Other Revenue (Expenses)	170,682
Change In Net Assets	925,429
Total Joint Venture's	
Outstanding Long-Term Debt	1,937,555

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

The Township is a guarantor by pledging the full faith and credit of the Township for their allocated portion of bonds issued by the Authority in the amount of \$36,143 outstanding at March 31, 2004 at a variable interest rate for 20 years. These bonds are recorded as a liability in the General Long-Term Debt Account Group.

The Authority allocates and charges as an operating expense annual fixed costs to each participant, including debt requirements of the Authority's bonds, that are guaranteed by the Township. For the year ending March 31, 2004 the amount of \$2,734 is included as sanitation expenses and \$4,398 is included as an increase in general fixed assets in the accompanying financial statements while principal and interest of \$8,247 was absorbed by the Authority.

In addition, bonds were issued to finance the Township's portion of the initial construction costs and site search. These bonds are recorded as a liability in the General Long-Term Debt Account Group and have a balance outstanding of \$41,797 at March 31, 2004.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE O – JOINT VENTURE – Continued**

##### **Marquette County Solid Waste Management Authority - Continued**

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

The audited financial statements of the Marquette County Solid Waste Management Authority can be obtained at P.O. Box 936, Marquette, MI 49855.

The Township has included their equity interest of the Authority in the General Fixed Assets Account Group.

#### **NOTE P – NEW REPORTING STANDARD**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The Township is required to implement this standard for the fiscal year ending March 31, 2005. The Township has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

#### **NOTE Q – ROAD IMPROVEMENT CONTRACTS**

On May 15, 2003, Negaunee Township entered into road construction agreements with Marquette County Road Commission. Construction is expected to be completed by the end of the 2005 construction season. The approximate total cost of \$259,920 will be paid over five years and \$106,700 will be paid over three years. Interest at 5.5% will be added to the outstanding balance on an annual basis.

#### **NOTE R – ENVIRONMENTAL CLEANUP**

Negaunee Township's industrial park has property that contains contaminated waste piles. It is currently being cleaned up by seven companies. Negaunee Township is not liable for any costs other than paying for the cleanup costs for which they are reimbursed. The financial statements include \$251,990 of contractual services costs and reimbursements in the Solid Waste Disposal Fund for the year ending March 31, 2004.

## **NEGAUNEE TOWNSHIP**

### **NOTES TO FINANCIAL STATEMENTS – Continued** **MARCH 31, 2004**

#### **NOTE S – SUBSEQUENT EVENTS**

Negaunee Township is considering the construction of a water system that would furnish water to a proposed Keweenaw Bay Indian Community (KBIC) gaming complex at the former Marquette County Airport. In addition, a sanitary sewage collection and disposal system is being considered to handle the potential development of this area. An option to purchase real property for the sewage system was entered into during March, 2004. The costs of these potential projects would be financed through the issuance of bonds and funding from the KBIC.

#### **NOTE T – WATER FUND RETAINED EARNINGS RESTATEMENT**

Retained earnings for March 31, 2003 was reduced by \$100,000 for grant funds received that were originally included in operating income. The \$100,000 was reclassified to contributed capital for the year ending March 31, 2004.

## **ADDITIONAL INFORMATION**

# NEGAUNEE TOWNSHIP

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS FOR THE YEAR ENDED MARCH 31, 2004

	April 1, 2003 <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	March 31, 2004 <u>Balance</u>
<b>TAX COLLECTION FUND</b>				
<b>ASSETS</b>				
Petty cash	\$ 50	\$	\$	\$50
Cash in bank		1,979,436	1,979,436	
Due from others	<u>689</u>		<u>689</u>	
TOTAL ASSETS	<u>\$739</u>	<u>\$1,979,436</u>	<u>\$1,980,125</u>	<u>\$50</u>
<b>LIABILITIES</b>				
Cash overdraft	\$689	\$	\$ 689	\$
Interfund payables	50	402,925	402,925	50
Due to schools		780,841	780,841	
Due to county		435,903	435,903	
Due to State		352,862	352,862	
Due to others		<u>6,905</u>	<u>6,905</u>	
TOTAL LIABILITIES	<u>\$739</u>	<u>\$1,979,436</u>	<u>\$1,980,125</u>	<u>\$50</u>
<b>TRUST AND AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	<u>\$</u>	<u>\$ 15,480</u>	<u>\$ 15,480</u>	<u>\$</u>
<b>LIABILITIES</b>				
Interfund payables	\$	\$ 2,811	\$ 2,811	\$
Due to other governmental units		<u>12,669</u>	<u>12,669</u>	
TOTAL LIABILITIES	<u>\$</u>	<u>\$ 15,480</u>	<u>\$ 15,480</u>	<u>\$</u>

See accompanying notes to financial statements